

LINDA LINGLE
GOVERNOR



**STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097**

BRENNON T. MORIOKA
DIRECTOR

Deputy Directors
MICHAEL D. FORMBY
FRANCIS PAUL KEENO
BRIAN H. SEKIGUCHI
JIRO A. SUMADA

IN REPLY REFER TO:

Board of Land and
Natural Resources
State of Hawaii
Honolulu, Hawaii

**ISSUANCE OF A DIRECT LEASE TO HANG GLIDING MAUI LLC
FOR A HANGAR FACILITY AT HANA AIRPORT**

MAUI

REQUEST:

Issuance of a direct lease to Hang Gliding Maui LLC to: (1) develop, construct, operate, and maintain a general aviation hangar facility; and (2) conduct commercial general aviation activities at Hana Airport.

APPLICANT:

Hang Gliding Maui LLC

LEGAL REFERENCE:

Section 171-55 and 171-59, Hawaii Revised Statutes, as amended.

LOCATION AND TAX MAP KEY:

Hana Airport, Island of Maui, identified by Tax Map
Key: 2nd Division – 1-3-003-022 (portion of)

AREA:

Land area of approximately 6,192 square feet as shown on the attached Exhibit.

TERM:

The lease shall have a term of twenty (20) years.

COMMENCEMENT:

To be determined by the Director of Transportation at a later date.

RENT:

First Five (5) Years (Lease Years 1 through 5): \$1,671.84 per annum, payable in monthly installments of \$139.32, in advance, based upon the present ground lease rental rate of \$0.27 per square foot per annum for improved, unpaved general aviation land at Hana Airport

Second Five (5) Years (Lease Years 6 through 10): \$1,922.64 per annum, payable in monthly installments of \$160.22, in advance, based upon the product of the annual rental for the fifth (5th) year of the lease term (\$1,671.84) and 115%.

Third Five (5) Years (Lease Years 11 through 15): \$2,211.00 per annum, payable in monthly installments of \$184.25, in advance, based upon the product of the annual rental for the fifth (10th) year of the lease term (\$1,922.64) and 115%.

REOPENING OF ANNUAL GROUND RENTAL:

For the fourth five (5)-year reopening lease period, the fair market annual ground lease rental shall be determined separately when due at the time of reopening, in accordance with the provisions of Section 171-17, Hawaii Revised Statutes, relating to Appraisals, by an independent real estate appraiser whose services shall be contracted for and paid by the Department of Transportation; provided however, that the land rental for each year shall be no less than a rental of 115% times the annual rental for the last year of the immediately preceding five-year period.

PERFORMANCE BOND:

Sum equal to the annual ground lease rental then in effect.

MINIMUM IMPROVEMENTS REQUIREMENTS:

The Lessee shall, within 12 months of the commencement date of the Lease, invest the sum of not less than \$90,000 for upgrading and improving the leased premises and constructing general aviation hangar facility improvements and other accessory, fixed leasehold improvements on the leased premises. The upgraded and improved leased premises and hangar facility improvements and other accessory, fixed leasehold improvements shall be constructed in accordance with construction plans, drawings and

specifications approved by the Department of Transportation, Airports Division, in writing, prior to the commencement of any construction work.

WAIVER OF RENT:

Ground lease rents payable to the Department of Transportation shall be waived at the beginning or commencement date of the Lease for a period of 12 months or until the Lessee first physically occupies the Premises and uses the Premises for the stated primary purpose of the Lease (beneficial occupancy), whichever occurs first.

PROPERTY CHARACTERISTICS:

Utilities: All utilities are available at the site

Improvements: Hang Gliding Maui LLC desires to develop, construct, operate, and maintain a general aviation hangar facility on the proposed leased premises

ZONING:

State Land Use District: Agricultural
County of Maui: Airport

LAND TITLE STATUS:

Section 5(a), Hawaii Admissions Act (Ceded Land)
DHHL, 30% entitlement lands: Yes _____ No X

CURRENT USE STATUS:

Airport and aeronautical uses.

CHARACTER OF USE:

Development, construction, operation and maintenance of a general aviation hangar facility to store and maintain applicant's aircraft, and to conduct training activities in hang gliding.

CHAPTER 343, HRS-ENVIRONMENTAL ASSESSMENT:

The tenant shall be responsible for compliance with Chapter 343, HRS, as amended.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO <u> </u>
Registered business name confirmed:	YES <u>X</u>	NO <u> </u>
Good standing confirmed:	YES <u>X</u>	NO <u> </u>

REMARKS:

In accordance with Section 171-59(b), HRS, relating generally to Management and Disposition of Public Lands and relating specifically to Disposition by Negotiation, the Department of Transportation proposes to issue a direct lease to Hang Gliding Maui LLC for the purpose of: (1) developing, constructing, operating, and maintaining a general aviation hangar facility and other related accessory improvements; and (2) conducting commercial general aviation activities at Hana Airport.

RECOMMENDATION:

That the Board approve the issuance of a direct lease to Hang Gliding Maui LLC subject to: (1) the terms and conditions hereinabove outlined, (2) such terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (3) review and approval of the Attorney General's office as to the lease form and content.

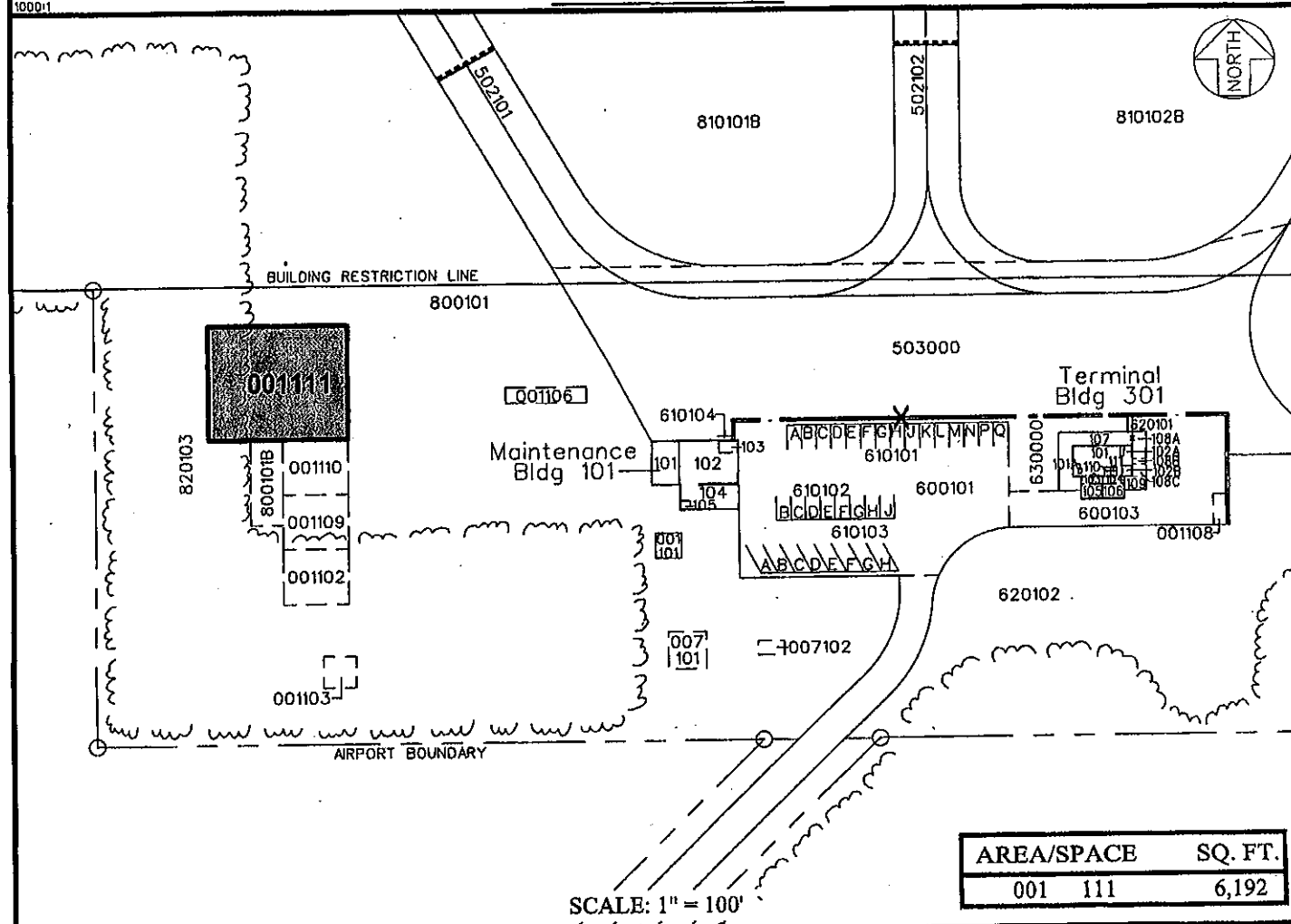
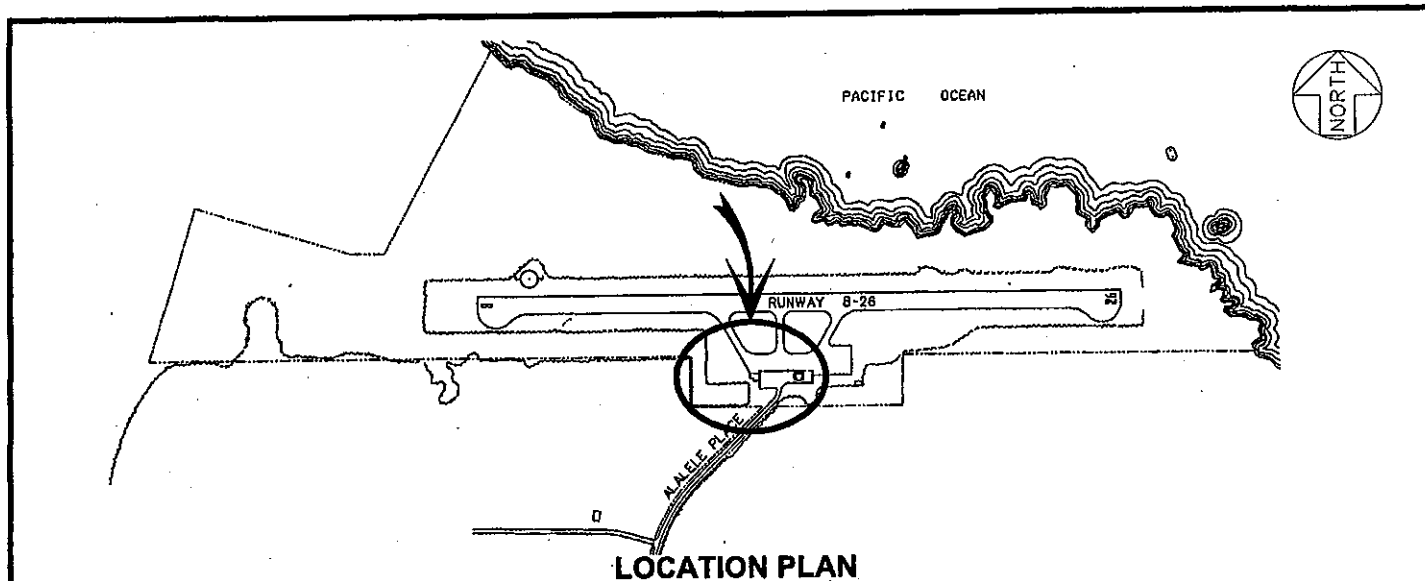
Respectfully submitted,



BRENNON T. MORIOKA, Ph.D., P.E.
Director of Transportation

APPROVED FOR SUBMITTAL:


LAURA H. THIELEN
Chairperson and Member



DATE : FEBRUARY 2009

EXHIBIT: **B**



Airports Division

HANG GLIDING MAUI LLC
ARMIN ENGERT

HANGAR LOT

001110

PLATS A1, 33

HANA AIRPORT

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